

USMC BPOT CONFERENCE

May 2004

COMPETITIVE SOURCING

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Competitive Sourcing

- Competitive Sourcing is the process of determining the most cost effective provider, either public or private, for commercial services.
- Competition rules are set by the Office of Management and Budget (OMB) Circular A-76 and various statutes.
- A-76 compares the in-house Most Efficient Organization (MEO) against a private sector offer on the requirements detailed in the Performance Work Statement (PWS).

WHY COMPETITION?

- Competition drives efficiencies
 - Historically 30% savings (validated by current studies)
 - Major administrative emphasis
 - High interest item with SECDEF and SECNAV
- Other Benefits
 - Frees other resources (manpower)
 - Documents requirements
 - Incentivizes performance

A-76 History

- Government program since 1930's
 - Rely on private sector for commercial services
 - Retain Government functions in-house
- Executive Directives since 1955
 - 1965: First OMB Circular A-76¹
- Extensive revisions by Carter, Reagan, Clinton, and Bush Administrations
 - Most recent revision issued 29 May 2003
- Trend is increased emphasis Government-wide

¹ www.whitehouse.gov/omb/circulars/a076/a076.html

² www.whitehouse.gov/omb/circulars/a076supp.pdf

Recent Requirement

- PMA Competitive Sourcing Goal
 - Compete 50% FY00 FAIR Inventory by FY08
- USMC Goal
 - 18 Apr 03 SECNAV memo requires USMC to compete additional 3,000 FTEs by FY09
- Approach
 - Strategic based on core/non-core designations
 - ACMC established Competitive Sourcing Working Group (CSWG)

Competitive Sourcing Working Group (CSWG)

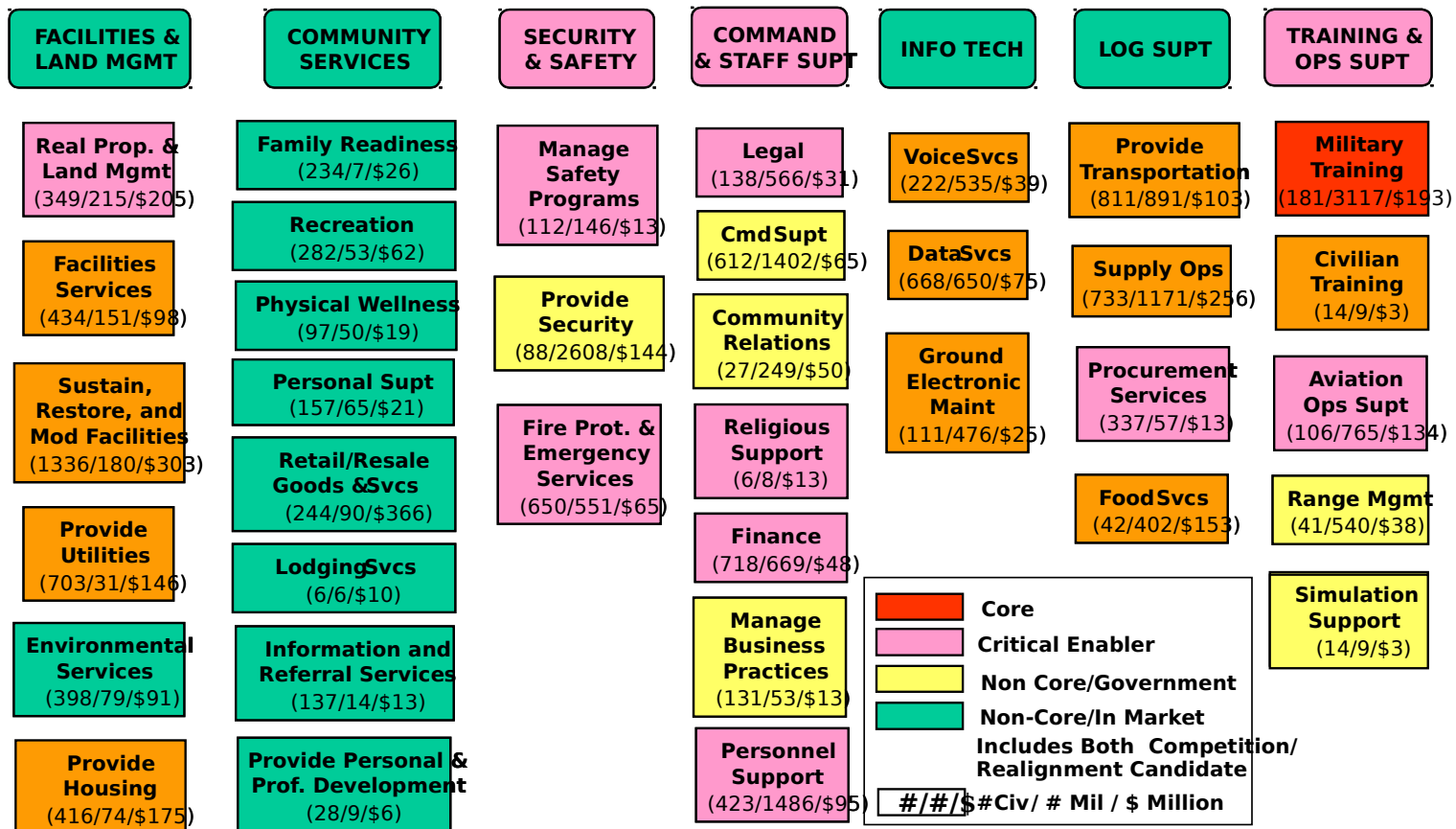
- ACMC chartered/DC I&L Chair
 - Membership from HQMC, Intermediate Cmd, and Key Installation personnel
- Goals
 - Develop USMC-wide competitive sourcing plan using core/non-core concepts.
 - Recommend process improvements that builds experience and resolves conflicts of interest.
 - Realign Marines back to Operating Forces where feasible.

CSWG Approach

- Use core concepts to review manpower mix
- Define core functions/processes
- Define non-core, commercial processes
- Assess risks
- Identify competition/conversion candidates

Core/Non-Core Designations

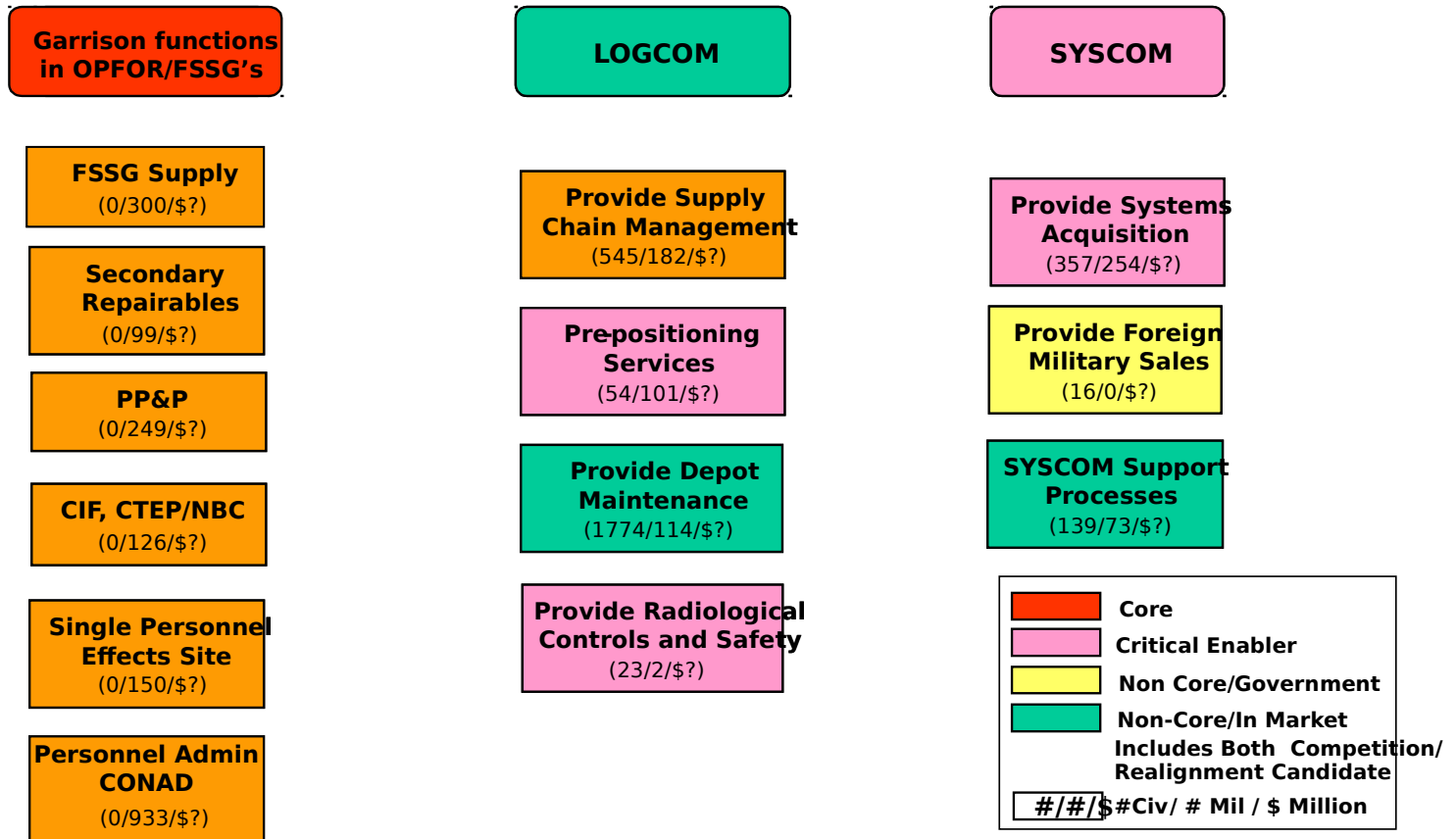
Installation Processes



Designations are based on preponderance of competencies in the process. Processes may include sub processes of other designations. Although the CSWG reviewed processes at the next level of detail, additional review will be required to obtain increased granularity.

Core/Non-Core Designations

Other Processes



Note: Designations are based on preponderance of competencies in the process. Processes may include sub processes of other designations. Although the CSWG reviewed processes at the next level of detail, additional review will be required to obtain increased granularity.

COA 2 “Affordable Realignment”

- Compete "maximum extent possible with no long term impact on mission or budget"
 - 3,800 FTEs (2,900 civ + 900 mil)
- Pros
 - Realigns a battalion of Marines
 - Exceeds MID-907 competition goal
 - Incurs no sustained O&M cost
 - Standardizes support levels
- Cons
 - Requires complex funding management
 - \$40M investment over POM period
 - Increases impact on selected MOS pyramids

COA2 Competition

Candidates

I&L Processes: (3,905 FTEs)

- Supply Services (1,684)
 - Retail Supply Ops/DSSCs (1,053)
 - Storage & Warehousing (283)
 - Fuels Storage & Dist (235)
 - Military Clothing (113)
- Transportation (693)
- Laundry Services (29)
- Utilities (282)
- Base Ops & Facilities O&M (recompetitions) (1,217)

FTE = full time equivalent = one full time workyear.

All Other Processes:

- Telephone Systems (C4)
 - 249 FTEs
- EAP Maint (MCCDC)
 - 40 FTEs

Each COA includes different mix/numbers of candidates. Total number of Marines in all these processes is about 1,200.

New OMB Circular **A-76**

29 May 2003 implementation

■ Goals:

- Improve mgmt of commercial activities
- Strengthen public private competition
- Incorporate FAR
- Increase accountability for results
- Provide guidance for inventories of commercial and inherently government activities

A-76 Revision

- Outcome of GAO CA Panel
- Major Changes:
 - More FAR-like
 - MEO treated as private sector offeror.
 - ✓ Letter of Obligation (LOO)
 - Single source selection process for both government and private-sector bids.
 - No Independent Review.
 - ✓ Contracting Officer responsible for evaluating all proposals.
 - Compressed Timeline (12 months)
 - Initial data gathering allowed before clock starts
 - No Direct Conversions
 - Streamlined Competitions
 - No Administrative Appeal
 - Agency Protests allowed

¹www.whitehouse.gov/omb/circulars/a076/a76_111402.pdf

Competition Officials

■ **Competitive Sourcing Official (CSO)**

- Responsible for the implementation of this circular within the agency.

■ **Agency Tender Official (ATO)**

- Responsible for the agency tender and represents the agency tender during source selection.

■ **Performance Work Statement (PWS) Team Lead**

- Responsible for developing the agency's technical, functional, and performance requirements listed in the solicitation.

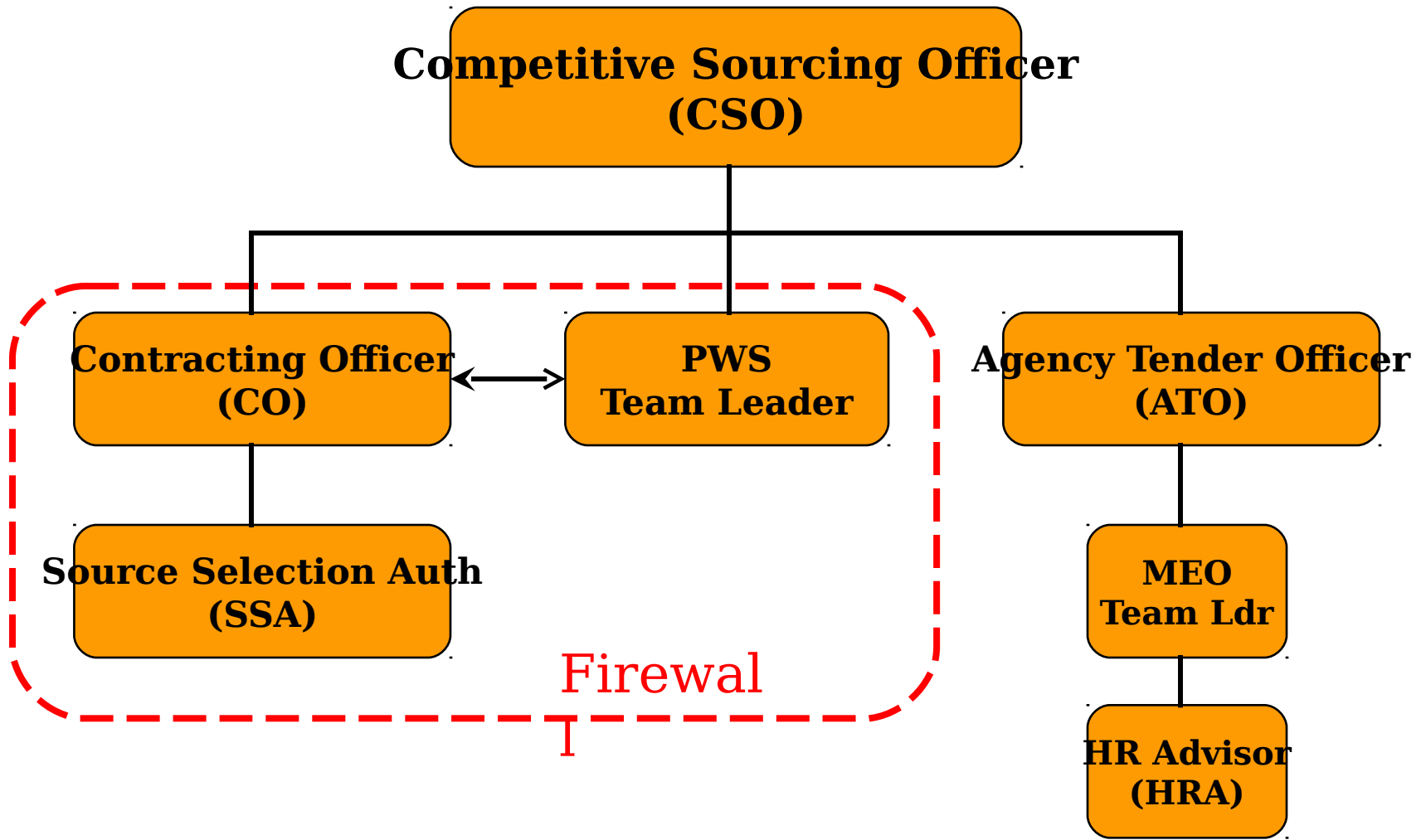
■ **Contracting Officer (CO)**

■ **Human Resources Advisor (HRA)**

- Employee and labor-relations requirements
- MEO team requirements

■ **Source Selection Authority (SSA)**

A-76 Firewalls



PWS Lead

- **MARFORs (and MCLC for Supply Chain Mgmt funcs)**
- **Responsibility:** Independent statement of requirements
 - Must account for customer mission
 - Improve consistency in service levels across USMC
- **Issues**
 - Funding - Charter
 - COE interface - RRB interface
 - Adequate information necessary to provide for customers needs
- **Proposed Composition** (*as needed basis)
 - **A-76 Program Mgr Specialist** - *SMEs - * Equip/Prop
 - **Spec Writer/PWS Specialist** - *ABC experts - * HR (labor research)
 - **Workload/Data Specialist** - *Customers
 - ***COE (incl legal supt)** - *Base PWS Coordinator

Agency Tender Official **(ATO)**

- **TBD** (nominated by chain of command)
- **Responsibility:** responding to the solicitation
 - Nominated by the chain of command depending on the circumstances of the study
 - Improve consistency in service levels across USMC
- **Issues**
 - Peer Review (QC) - Regional/National study
 - Experience - LoO
- **Proposed Composition**
 - Program Mgr
 - SMEs - OGC
 - HR - Costing (COMPARE)
 - Proposal/Contract Specialist
 - Mgmt Analyst/BPR Specialist

Contracting Officer (CO)

- **DON SSACOE**
- **Responsibility:** Procurement actions
- **Issues**
 - Interface w/ PWS team
 - Post award oversight (ACO)
 - Evaluation of ATO

Administrative Contracting Officer (ACO)

- **RCOs** (proposed)
- **Responsibility:** Post award administration for either contract or MEO
 - Responsible for ensuring the MEO/contract executes PWS IAW the IHCE per the QASP.
- **Issues**
 - QA responsibilities
 - Mission change/staffing/training
 - LoO

Useful Websites

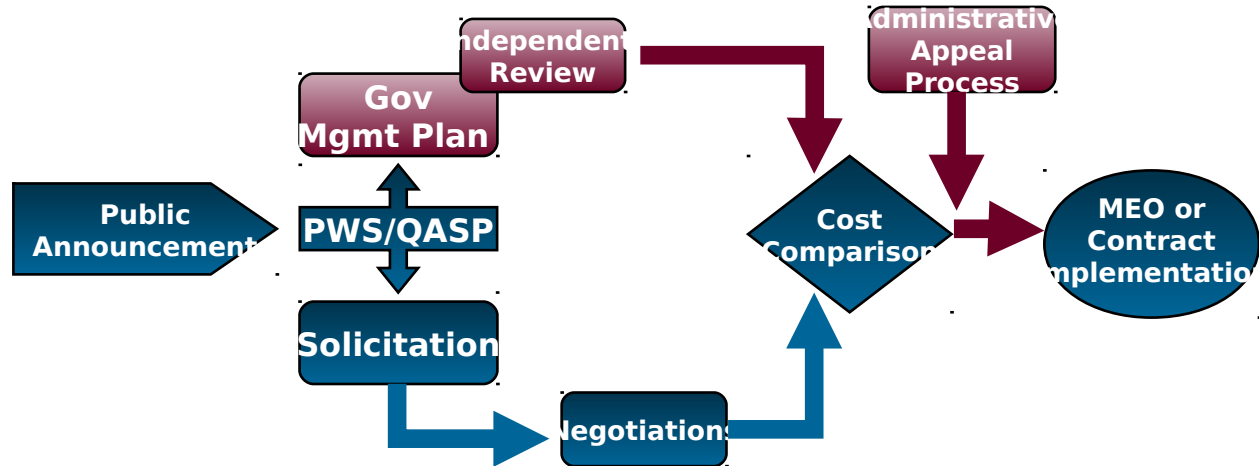
- **OMB** (www.whitehouse.gov/omb)
 - A-76
- **GAO** (www.gao.gov)
 - Reports, Bid Protest Decisions, A-76 Panel
- **OSD AT&L** (<http://web.lmi.org/osd>)
 - A-76 Policy
 - Share A-76 & Handbooks
 - win.Compare
 - Inventory (incl/FAIR)
- **Navy** (<http://help.n4.hq.navy.mil>)
- **Marine Corps** (www.hqmc.usmc.mil/ilweb.nsf)

Back-Up

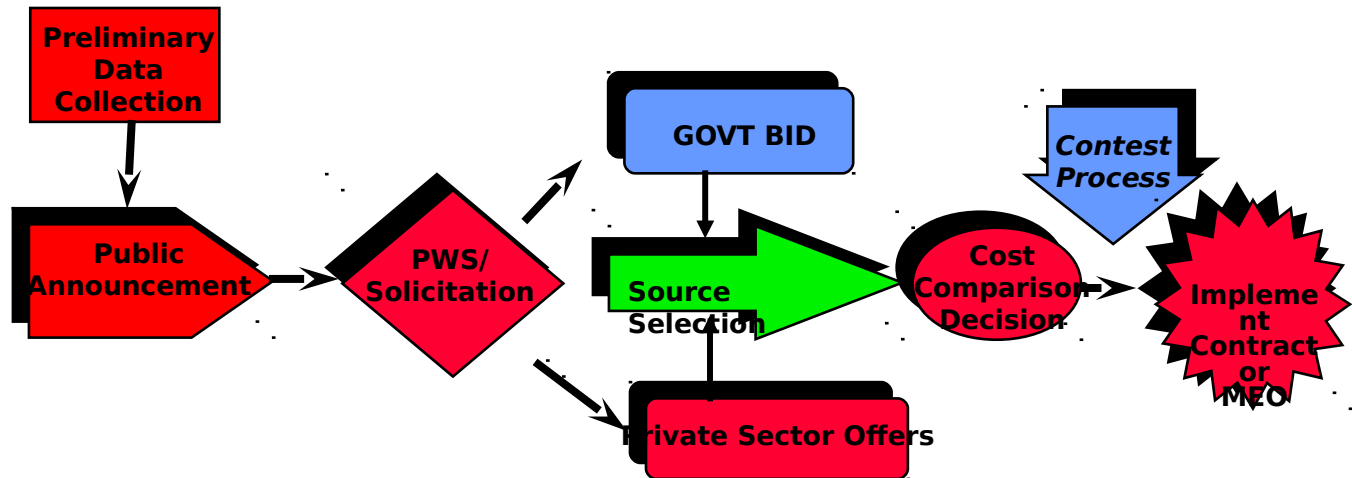
Revised A-76

Process Differences

Previous

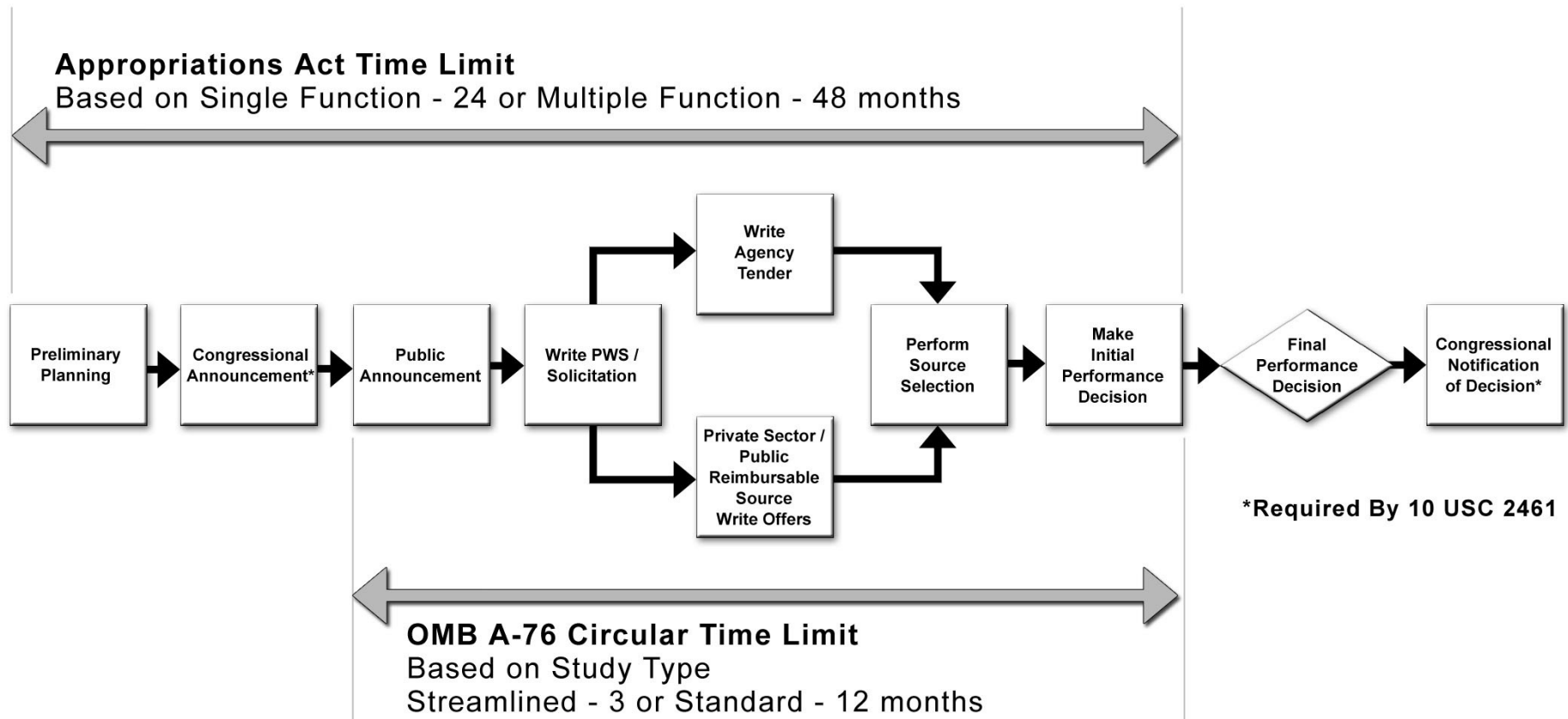


Revised



Competition Timelines

How Laws and Regulations Govern the Competitive Sourcing Process



Preliminary Planning: Schedule, Scope, Grouping

1. Start date of planning = Appropriations time limit start date. Will be tracked in CAMIS
2. Congressional Announcement
3. Public Announcement and FedBizOpps.gov = OMB Circular Start Date

Agency Tender

- **Responds to Solicitation including:**
 - **Section L - instructions, conditions, and notices to offerors**
 - **Section M - evaluation factors**
- **Additional requirements and MEO (“agency’s staffing plan”)**
 - **Cost Estimate**
 - **Quality Control Plan**
 - **Phase-in plan**
 - **any existing MEO subcontracts**

Special Considerations

- Private sector not evaluated separately from agency
- No adjustment to tender allowed by Contracting Officer, SSA, or SSEB
- Contracting Officer corresponds with Agency Tender Official (ATO) in writing
- “Deficiencies notice” for offer or tender:
 - Contracting Officer determines time period to correct
 - if ATO is unable to correct offer, HQMC will determine if additional resources will assist AT to meet solicitation

Post Implementation **Accountability**

- **ACO will validate implementation of the Letter of Obligation or Contract:**
 - **Monitor all performance periods and actual costs in CAMIS**
 - **Implement decision and QASP**
 - **Maintain and update PWS currency**
 - **FAR subpart 42.15**
 - **Retain all documentation - FAR 4.8**

Maintain PWS Currency

- **Retain Original PWS**
- **Update PWS - as required at the end of each performance period**
 - **Mission Change**
 - **Scope Change**

Terminations

- **Notification**
- **Contracting Officer determines service provider has failed to perform and issues notification in accordance with FAR part 49**
- **Upon termination of MEO Letter of Obligation, agency will change inventory coding and perform a new competition**
- **Temporary remedies - interim contracts, Public reimbursement, or government personnel on an emergency basis no longer than one year**

Contests

- **Responsibility of Acquisition Centers of Excellence**
- **Streamlined Competitions - no contests**
- **Standard Competitions**
 - **report in CAMIS**
 - **“directly interested party”**
 - **cancellation of solicitation**
 - **determination to exclude an offer**
 - **performance decision including costing**
 - **termination or cancellation of a contract or letter of obligation**
- **FAR Part 33.103 - Agency Protests**

Follow-on Competition

- **Agency or Public Reimbursable Decisions:**
 - **streamlined or standard competition of activity required by end of the last Performance Period on Competition form**
- **CSO may grant 3 year exemption for a high performing organization**

OMB Authorities

- **Circular Deviations**

CSO Authorities (DUSD)

- Application during war
- Cancellation
- Time limit extension for standard comp's*
- Approve COA when no satisfactory commercial source*
- Use of Best Value*
- HPO approval
- Provider termination (other than for performance)*
- Maintain COMPARE, CAMIS, and SHARE A-76

* Requires OMB notification

Pending CCSO Authorities **(DoN)**

- Program oversight
- Congressional announcements
- Time limit waiver for streamlined comp's

Requested HQMC **Authorities**

- Appointment of competition officials
- Approve GFP
- Approve solicitation amendments
- Resolve SSA/ATO discrepancies

FY05 Milestones

